The [American Supply Association (ASA)] and its [Industrial Piping Division (IPD)] is the national organization serving wholesaler-distributors and their suppliers in the industrial and mechanical pipe-valve-fitting industry. As a powerful alliance of channel partners, we provide a forum for your upstream trading partners to exchange critical information and address key issues.

In particular, ASA's IPD members constantly check the pulse of the materials and commodities they proudly supply to you. ASA's IPD members are knowledgeable industry leaders, and those who volunteer their service on the IPD Executive Council compile and prepare the *IPD Commodity Reports.* The *Reports* contain some of the most current and qualified market data and information available from the industry's leading manufacturers and distributors about emerging trends and other price-influencing actions and events.

This information is an example of how ASA's IPD manufacturer and distributor members are constantly looking ahead to ensure you have information and resources you need to be successful. Learn more at www.asa.net.

ECONOMIC SUMMARY

Oil and Gas

West Texas Intermediate (WTI) was lower at the time of writing at $74.50 ($77.44 a barrel in last month's report but is up 5.5% year-to-date). Brent North Sea Crude was also lower at $78.59, down from $81.36 a barrel last month and 4.3% higher YTD.

Fuel prices were lower month over month at the time of writing. Diesel prices were lower at $3.71 a gallon at the time of writing ($3.83 a gallon in the last briefing) (Source: AAA), which was $.66 per gallon lower than last year. Gasoline was lower and was nationally $3.36 a gallon ($3.52 per gallon in last month's briefing), which is 45 cents per gallon lower from a year ago. Some expect gasoline prices to approach $3.00 a gallon by year end at this pace.

Crude oil prices are expected to average $80.21 a barrel in 2024 ($82.03 in last month's update and were $77.58 in 2023) according to the EIA. For 2025, prices are expected to average $81.21 (also $83.88 in the last update) according to the EIA.

Gasoline prices are expected to average $3.38 a gallon in 2024 and $3.33 in 2025 (vs. $3.52 average in 2023). Diesel prices as reported by the EIA will average $3.84 a gallon in 2024 ($3.88 in last month's outlook and were $4.21 in 2023). The outlook for 2025 currently shows diesel prices at $3.87 ($3.92 in the last update) through 2025.

Economy: Third quarter GDP is currently trending at 2%, in-line with expectations for growth of 1.9%. The economy was still being driven heavily by government and consumer spending and consistently stable corporate investment. Consumers have still shifted spending to essential items and have pulled back slightly on non-essential discretionary spending.

The latest data almost ensures a quarter-point cut in September followed by perhaps a December quarter-point cut. Evidence showed that as mortgage rates dipped in August, refinance rates surged by 35% on a weekly basis. New origination mortgages were much lower, but both were examples of what could happen as interest rates ease. It appears there are a number of consumers sitting on the sidelines that will jump back into the market quickly as the Fed lowers rates. That could pose a challenge for keeping material prices lower and maintaining inflation at a reasonable level.

Inflation-adjusted retail sales were higher in July M/M (latest available) but were lower against July 2023, falling by 0.3% (latest available and -0.7% in last month's report). Home improvement sales were higher in July on a month-over-month basis with sales up by 0.9% month-over-month (1.4% in the last report); and they were 0.4% higher year-over-year (0.9% lower in the last report). Preliminary estimates for retail sales in the home improvement category were $41.2 billion in July (vs. $40.8 billion last year).

Total residential construction spending was up 7.3% year-over-year on $939.8 billion in spending through June (latest available and a strong historical rate). Single-family construction spending was up 9.9% Y/Y on $431.0 billion in spending and multi-family was down 7.4% on $130.0 billion.

Total new housing starts were down in July by 6.8% month-over-month (latest available and up an adjusted 1.1% last month). Starts came in at an annualized rate of 1.238-million-unit rate (1.353M adjusted rate last month). Starts were down 16.0% Y/Y (-6.1% last month) on a national basis.

Single-family starts reversed course and continued to be volatile. Starts were down by 14.1% month-over-month (-0.1% in the last report) and were down 14.8% Y/Y (+6.6% in the last report). Thirty-year mortgage rates in the US were 6.46% on 8/22, lower from rates of 6.77% a month ago. The national monthly supply of new homes was 7.5 months, down sharply since the last update of 9.3 (6 months is normally considered to be balanced). This will continue to help pull prices down in some markets. Multi-family starts can be volatile based on large project starts month to month, they were lower in July by 21.8% Y/Y (-30.9% Y/Y last month) but were up by 11.7% M/M (6.6% in the last report). The total number of multi-family units started at an annual rate of 363,000 (360,000 in last month's adjusted annual rate).

Forward-looking data on permits for new home construction were down in July by 6.3% Y/Y (adjusted down 2.6% in the last update). Single family permits were down moderately by 1.3% Y/Y (-0.7% last month) but were up marginally by 0.2% M/M. Volatile multi-family permits were still sharply lower; they were down 16.6% Y/Y (-5.3% last month); but they were down 10.7% M/M in July. Permits at a regional level are available in the ASA Monthly Economic Report (MER).

Total nonresidential construction spending (both commercial and public) was still strong in June (latest available) despite some deceleration once again sequentially between May and June. Spending was lower by 0.3% M/M (-0.1% last month); but it was still up by 5.3% Y/Y (6.2% last month) against tough comparisons. Total nonresidential construction spending came in at an annual rate of roughly $1.20 trillion in May vs. $1.21 trillion last year. Manufacturing construction activity was up 19.1% Y/Y on $235.5 billion in annualized spending (against an average year of $60 billion). Once again, infrastructure spending was rising strongly year-over-year and should continue to experience more infusions of capital as additional Federal programs hit funding strides over the course of the second half of the year. Both lodging and commercial were weaker year-over-year.

Type of Construction	Jun 2024[p]	May 2024[r]	Jun 2023	Percent change Jun 2024 from - May 2024	Jun 2023
Total Construction	2,148,444	2,154,816	2,023,013	-0.3	6.2
Residential	939,806	943,162	875,539	-0.4	7.3
New single family	431,020	436,449	392,079	-1.2	9.9
New multifamily	130,083	129,902	140,455	0.1	-7.4
Nonresidential	1,208,638	1,211,653	1,147,474	-0.2	5.3
Public safety	18,832	18,656	14,707	0.9	28.0
Manufacturing	235,532	235,406	197,693	0.1	19.1
Power	143,880	144,687	128,241	-0.6	12.2
Water supply	31,252	30,834	28,444	1.4	9.9
Sewage and waste disposal	45,251	45,667	42,548	-0.9	6.4
Religious	3,907	3,932	3,686	-0.6	6.0
Highway and street	144,470	145,034	136,774	-0.4	5.6
Conservation and development	12,202	11,581	11,671	5.4	4.5
Educational	126,104	127,015	120,756	-0.7	4.4
Amusement and recreation	38,436	38,224	36,897	0.6	4.2
Transportation	67,130	66,866	65,009	0.4	3.3
Health care	66,283	67,101	64,643	-1.2	2.5
Communication	28,355	28,368	28,037	0.0	1.1
Office	98,481	98,520	97,709	0.0	0.8
Lodging	23,350	23,273	25,891	0.3	-9.8
Commercial	125,171	126,491	144,770	-1.0	-13.5

Copper Reports From IPD Members

** After enduring declines in 10 of the 12 previous weeks, copper futures reached a low on August 7, closing at about $3.92 per pound. However, the market has since rebounded, with prices rallying over 7% at their peak.

In response to this volatility, two new list price sheets were announced over the past month — first a decrease, followed by an increase — reflecting the shifting market dynamics. A key driver of this recent price correction has been the changing expectations around U.S. monetary policy. Following Federal Reserve Chair Jerome Powell’s speech in Jackson Hole, markets have begun pricing in a more aggressive and earlier interest rate cut probability, providing bullish momentum for copper and potentially boosting industrial metals broadly.

The rally has since been tempered by subdued global demand and a reduction in speculative positions, both of which have contributed to a pullback from recent highs. Currently, copper futures are trading at about $4.19 per pound, marking a 6% increase year-to-date.
** The copper Comex closed Tuesday Aug. 27 at $4.2305 which is UP $0.019 from Monday’s close. The Comex average year to date price is at $4.2174 per pound.

Cast Iron

There are no new changes or updates in the cast iron market according to the McWane (Tyler Pipe) and Charlotte Pipe companies for the month of August.

Copper

BHP’s Union at the giant Escondida copper mine in Chile said on Sunday in a memo to its members that it could relaunch a strike at any time if the company does not "rectify its position" over contract talks as soon as possible. The mine's powerful union went on strike on Tuesday Aug. 13 over payment disputes and came to a preliminary agreement on Friday Aug. 16 to end the strike at the world's largest copper mine.

Chinese copper producers were exporting the highest volume of intermediate copper products in more than 15 years. This has helped bring the price of copper down, despite supplies remaining lower than expected. Mining activity is still sluggish.

The price of copper has been fluctuating since last month and just moderately higher at $4.16/lb. ($4.12/lb. last month).

The Producer Price Index (PPI) for July (latest available) was 581.78, up month-over-month by 0.6% (-2.8% last month). It was up 14.3% year-over-year (+12.6% last month). The all-time high was 596.7 in May 2024 and the low was 302.9 in 2016.

Zambia will reopen its border with Democratic Republic of Congo, which blocked a key export route for the world's second largest copper producer. The border, which was closed following an announcement by Zambian Trade Minister Chipoka Mulenga on Saturday, will reopen on Tuesday, according to a separate statement from Congo's trade ministry.

Carbon Steel

Carbon steel pricing has shown a small upward activity this week after months of decline.

Hot-rolled coil prices have increased 15% over the last few days and pipe producers have announced similar increases. This follows five months of net decline on the commodity. It remains to be seen whether these new elevated prices will stay but there is reason to be skeptical that they will.

Global demand is still down and production is still strong. It is likely that inventories have been drawn down, necessitating the price increase.

Forged Steel Fittings and Branch

High-pressure forged steel fittings and branch connections have had no price increase announcements through the summer months. Carbon and stainless-steel bar remain readily available. Raw material pricing has remained stable. Finished high-pressure forged steel fittings and branch connections are available for delivery from stock to 2 weeks.

Nickel Update

While we expect nickel prices to continue to register significant volatility, we do believe that prices will trend higher through the end of this year. Overall fundamentals remain relatively weak with oversupply and lackluster demand but downstream mills in China have stepped up their purchases of nickel pig iron in preparation for their peak season months of September and October. This coupled with widespread expectations that the U.S. Federal Reserve will cut interest rates in September should provide a boost to base metals prices and other dollar-denominated commodities.

Stainless Steel Pipe & Fittings

Pricing continues to stay on the low side as the market remains soft due to strong inventory positions at the master level. There has been an uptick in business as August marks the end of the summer for many regions.

The election still will determine the winner and loser industries regarding energy, but basic utilities such as power and water will continue to grow to meet the demands of the country. The PVF industry, as a whole, will be more favorable with a return to support for oil and gas if the election goes that direction.

Stainless Steel Pipe & Fittings

** Uncertainty continues in the market. With interest rates still high, housing remains soft, driving down PVC sales year over year.

** After a slower than hoped for start for the year, our sales have picked up in recent months. We are still lagging behind last year in YTD invoiced sales, but future bookings are strong.

Our market looks to have a healthy backlog, especially if interest rates start to decrease. We have had several larger regionals kicking the tires in our area and one is expanding into our market for sure.

Deflation in the plastic, steel and copper markets over the last three months has been a challenge. Regionals bringing out-of-market pricing to our market is also a concern. Inventory is higher as contractors' decisions seem to be more driven by the manufacturers and their representatives, rather than our sales team.
We can no longer be the company that stocks one boiler line and has to ride or die with it. Brand loyalty with customers through wholesale distribution seems to be waning

** We are still running behind last year's sales for the year. Our last 2 months are running ahead of the last 2 months from 2023. The multi-family seems to be slowing down and we did not see as much work on schools as we normally see over the summer. The new home market is steady on the high-end homes but very slow on the lower end.

We see some pessimism because of concerns about the economy.